# Virginia Retirement System
## 2010 Fiscal Impact Statement

1. **Bill Number:** HB892

   | House of Origin | ___ Introduced | ___ Substitute | X Engrossed |
   |---|---|---|---|
   | Second House | ___ In Committee | ___ Substitute | ___ Enrolled |

2. **Patron:** Barlow

3. **Committee:** Appropriations

4. **Title:** **Retirement System; requires member to be vested before being eligible to withdraw contributions.**

5. **Summary:** Requires a member of the Virginia Retirement System to be vested before being eligible to withdraw that portion of his accumulated contributions that were paid by his employer on his behalf on or after July 1, 2010 when he ceases employment.

6. **Fiscal Impact Estimates:**

   **6a. Expenditure Impact:** This bill impacts all of VRS plans – state, teachers, localities, SPORS, VALORS and JRS. However, the actuary did not provide an impact for JRS since the actuarial valuation assumes no terminations prior to retirement for judges.

   The change under this bill applies to both current and new members. However, since the bill applies to the 5% "member" contributions paid on or after July 1, 2010, the VRS actuary anticipates that the impact for current members would be small, since most members have either exceeded or will soon be approaching five years of service. The actuary expects that the impact would mainly be for new hires. Therefore, the reductions outlined by the VRS actuary in the table below would only apply to new hires and would only be fully realized many years into the future (20-30 years) when all active members are covered under the new benefit structure.

   | No Refund of 5% Member Contribution with Less than 5 Years of Service Long-term Impact for New Hires | |
   |---|---|
   | **Plan:** | **Long-term Change in Gross Normal Cost Rate** |
   | **State** | -0.33% |
   | **Teachers** | -0.24% |
   | **State Police** | -0.08% |
   | **VALORS** | -0.45% |
   | **Judicial** | 0.00% |
   | **Local Plans** | -0.34% |

7. **Budget Amendment Necessary:** No

8. **Fiscal Implications:** See Expenditure Impact above

**9.  Specific Agency or Political Subdivisions Affected:** VRS, SPORS, VALORS and JRS

**10. Technical Amendment Necessary:**  No

**Other Comments:**  None

**Date:**  2/19/2010   psb
**Document:**  HB892E.DOC